

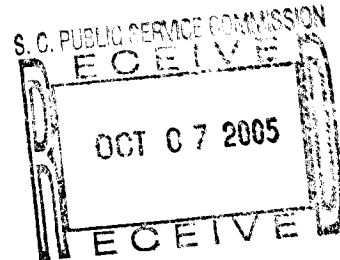
176215

George Fasano, Jr.
Senior Vice President & Assistant Treasurer

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October 5, 2005



Mr. Charles Terreni
Chief Clerk & Administrator
Public Service Commission of SC
Post Office Drawer 11649
Columbia, SC 29211

Dear Mr. Terreni:

In compliance with PSC Order 2004-510 in Docket No. 2004-6-G, enclosed please find the report on South Carolina Pipeline Corporation's hedging activities for the period 1/28/05-2/24/05.

If you have any questions concerning this report, please do not hesitate to call.

Sincerely,

A handwritten signature in black ink, appearing to read "George Fasano, Jr.".

George Fasano, Jr.

Enclosures as indicated

N:Word/Hedge Activities PSC

Mark to Market Results
For the Hedging of March 2005 Volumes
1/28 - 2/24
Mark to Market vs. Average Market Price

Contract Settle 6.330

| Date | Sales | | | Purchases | | | Daily Settle |
|-------------|-----------|-------|----------------|-----------|-------|----------------|--------------|
| | Contracts | Price | Mark to Market | Contracts | Price | Mark to Market | |
| 1 01/28/05 | - | - | \$0 | - | - | \$0 | 6.259 |
| 2 01/31/05 | - | - | \$0 | - | - | \$0 | 6.321 |
| 3 02/01/05 | - | - | \$0 | - | - | \$0 | 6.316 |
| 4 02/02/05 | - | - | \$0 | - | - | \$0 | 6.376 |
| 5 02/03/05 | - | - | \$0 | - | - | \$0 | 6.149 |
| 6 02/04/05 | - | - | \$0 | - | - | \$0 | 6.096 |
| 7 02/07/05 | - | - | \$0 | - | - | \$0 | 5.969 |
| 8 02/08/05 | - | - | \$0 | - | - | \$0 | 6.164 |
| 9 02/09/05 | - | - | \$0 | - | - | \$0 | 6.165 |
| 10 02/10/05 | - | - | \$0 | - | - | \$0 | 6.160 |
| 11 02/11/05 | - | - | \$0 | - | - | \$0 | 6.093 |
| 12 02/14/05 | - | - | \$0 | - | - | \$0 | 6.093 |
| 13 02/15/05 | - | - | \$0 | - | - | \$0 | 6.175 |
| 14 02/16/05 | - | - | \$0 | - | - | \$0 | 6.109 |
| 15 02/17/05 | - | - | \$0 | - | - | \$0 | 5.923 |
| 16 02/18/05 | - | - | \$0 | - | - | \$0 | 5.908 |
| 17 02/21/05 | - | - | \$0 | - | - | \$0 | 5.908 |
| 0 | | | \$ - | 0 | | | \$ - |

| | |
|-----------------------------------------|-----------------------|
| Gain/(Loss) from futures transactions | \$ - |
| Gain/(Loss) from option transactions | \$ (1,677,700) ** |
| Gain/(Loss) from financial transactions | <u>\$ (1,677,700)</u> |

| | | | | | | | |
|-------------|---|-------|-----|---|-------|-----|------------|
| 18 02/22/05 | 0 | 0.000 | \$0 | 0 | 0.000 | \$0 | 6.103 |
| 19 02/23/05 | 0 | 0.000 | \$0 | 0 | 0.000 | \$0 | 6.311 |
| 20 02/24/05 | 0 | 0.000 | \$0 | 0 | 0.000 | \$0 | 6.330 |
| 0 | | | \$0 | 0 | | | \$0 6.1464 |

Program Results

| | |
|-----------------------------------------------------------------|-----------------------|
| NYMEX Average Market Price | \$ 6.1464 |
| Purchase Price Achieved per Normal Scenario | - |
| Difference | <u>6.1464</u> |
| Ratio of Contract in Normal Scenario to Total Contracts in Plan | - |
| Price Gain (Loss) per Normal Scenario | - |
| Adjustment for Contracts Purchased per Low-Price Scenario | - |
| Adjustment for Contracts Purchased per High-Price Scenario | <u>(1.0529)</u> |
| Total Price Gain (Loss) | <u>(1.0529)</u> |
| Contracts In Plan | 193 |
| Gain (Loss) vs Average Market Price | <u>\$ (2,032,048)</u> |

** - Options purchased as a result of high price-scenario

| | |
|-------------------------------------------------------------------|--------------|
| Purchased 28 call options x .88 premium x 10,000 mmbtu/contract = | \$ (246,400) |
| Purchased 20 call options x .87 premium x 10,000 mmbtu/contract = | \$ (174,000) |
| Purchased 8 call options x .89 premium x 10,000 mmbtu/contract = | \$ (71,200) |
| Purchased 82 call options x .90 premium x 10,000 mmbtu/contract = | \$ (738,000) |
| Purchased 28 call options x .80 premium x 10,000 mmbtu/contract = | \$ (224,000) |
| Purchased 27 call options x .83 premium x 10,000 mmbtu/contract = | \$ (224,100) |

| | |
|-------------------------------------------|-----------------------|
| Net gain/(loss) from options transactions | <u>\$ (1,877,700)</u> |
|-------------------------------------------|-----------------------|

South Carolina Pipeline Corporation
Program Results
Through March 2006

| | January | February | March | Total 2005 |
|------------------------------------------------------------------|------------|----------------|----------------|----------------|
| NYMEX Average Market Price | \$ 6,9664 | \$ 6,1858 | \$ 6,1464 | \$ - |
| Purchase Price Achieved per Normal Scenario | - | - | - | - |
| Difference | 6,9664 | 6,1858 | 6,1464 | - |
| Ratio of Contracts in Normal Scenario to Total Contracts in Plan | - | - | - | - |
| Price Gain (Loss) - Normal Scenario | - | - | - | - |
| Adjustment for Contracts Purchased per Low-Price Scenario | 0,7534 | (0,8245) | (1,0528) | - |
| Adjustment for Contracts Purchased per High-Price Scenario | 0,7534 | (0,8245) | (1,0528) | - |
| Total Price Gain (Loss) | 63 | 238 | 193 | 492 |
| Contracts in Plan | - | - | - | - |
| Gain (Loss) vs Average Market Price | \$ 474,630 | \$ (1,945,820) | \$ (2,032,048) | \$ (3,503,238) |

| | Results since Inception of program | | | | | | | | | | | | |
|------------------------------------------------------------------|------------------------------------|---------------|---------------|----------------|---------------|---------------|-----------------|-----------------|-----------------|---------------|----------------|----------------|-----------------|
| | Aug-Dec 1995 | Total 1995 | Total 1996 | Total 1997 | Total 1998 | Total 1999 | Total 2000 | Total 2001 | Total 2002 | Total 2003 | Total 2004 | Total 2005 | Total |
| NYMEX Average Market Price | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Purchase Price Achieved per Normal Scenario | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Difference | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Ratio of Contracts in Normal Scenario to Total Contracts in Plan | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Price Gain (Loss) - Normal Scenario | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Adjustment for Contracts Purchased per Low-Price Scenario | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Adjustment for Contracts Purchased per High-Price Scenario | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Price Gain (Loss) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Contracts in Plan | 212 | 1,359 | 2,074 | 2,431 | 2,327 | 2,206 | 2,307 | 2,286 | 855 | 731 | 492 | 17,280 | |
| Gain (Loss) vs Average Market Price | \$ 49,354 | \$ 1,324,047 | \$ (151,935) | \$ (1,872,780) | \$ 1,772,863 | \$ 1,294,957 | \$ (11,308,304) | \$ (11,308,304) | \$ (12,400,430) | \$ 10,379,773 | \$ (1,518,824) | \$ (3,503,238) | \$ (15,794,774) |

South Carolina Pipeline Corporation
Futures Transactions and Additional Costs Effect on Cost of Gas
Through February 2005

| Month | Yr | Cost of Gas Without Futures | Cost of Gas With Futures & Additional Costs | Addition to/ (Subtraction from) Cost of Gas |
|-------------------|-----------|----------------------------------------|----------------------------------------------------------------|------------------------------------------------------------|
| 1995 Total | | 26,240,595 | 25,975,777 | (264,818) |
| 1996 Total | | 113,461,568 | 109,830,520 | (3,631,048) |
| 1997 Total | | 132,211,553 | 132,363,451 | 151,898 |
| 1998 Total | | 81,397,552 | 84,911,918 | 3,514,366 |
| 1999 Total | | 96,671,309 | 95,932,063 | (739,246) |
| 2000 Total | | 177,625,268 | 173,594,705 | (4,030,563) |
| 2001 Total | | 203,284,081 | 216,071,391 | 12,787,310 |
| 2002 Total | | 143,116,542 | 154,235,840 | 11,119,298 |
| 2003 Total | | 208,851,322 | 194,181,322 | (14,670,000) |
| 2004 Total | | 214,449,674 | 216,862,809 | 2,413,134 |
| January | 05 | 31,376,227 | 31,386,047 | 9,820 |
| February | 05 | 31,647,818 | 33,364,785 | 1,716,967 |
| Total | | \$1,460,333,509 | \$1,468,710,629 | \$ 8,377,119 |

South Carolina Pipeline Corporation
Risk Management Program Adjustments
Through February 2006

| | 2006 | | Total |
|-------------------------------------|----------|--------------|--------------|
| | January | February | 2006 |
| Commissions | \$ - | \$ 2,098 | \$ 2,098 |
| Software | 3,883 | 2,433 | 6,286 |
| Subscriptions | 4,500 | 4,500 | 9,000 |
| Data Feed | 1,457 | 3,288 | 4,745 |
| Non Hedging Addition to Cost of Gas | 9,820 | 12,317 | 22,137 |
| Hedging Additions(Subtractions) | - | 1,704,850 | 1,704,850 |
| Total Risk Management Program Adj. | \$ 9,820 | \$ 1,716,967 | \$ 1,726,787 |

Results since inception of program

| | Aug-Dec 1996 | Total 1996 | Total 1997 | Total 1998 | Total 1999 | Total 2000 | Total 2001 | Total 2002 | Total 2003 | Total 2004 | Total 2005 | Total |
|-------------------------------------|-----------------|----------------|---------------|---------------|---------------|----------------|---------------|---------------|-----------------|---------------|---------------|--------------|
| Commissions | \$ 3,924 | \$ 53,121 | \$ 83,496 | \$ 59,112 | \$ 56,189 | \$ 50,197 | \$ 38,459 | \$ 49,415 | \$ 42,907 | \$ 12,488 | \$ 2,098 | \$ 451,394 |
| Software | 4,215 | 9,547 | 8,847 | 8,412 | 8,412 | 17,063 | 28,176 | 21,782 | 12,062 | 25,549 | 6,286 | 151,361 |
| Subscriptions | 9,582 | 23,038 | 25,676 | 31,277 | 31,188 | 34,387 | 31,240 | 31,188 | 51,054 | 54,000 | 9,000 | 331,630 |
| Data Feed | 2,061 | 5,296 | 6,428 | 5,305 | 3,575 | 4,200 | 4,235 | 4,413 | 5,568 | 6,104 | 4,745 | 51,931 |
| Non Hedging Addition to Cost of Gas | 19,782 | 91,002 | 124,448 | 104,106 | 99,374 | 105,647 | 103,110 | 108,798 | 111,610 | 98,121 | 22,137 | 986,336 |
| Hedging Additions(Subtractions) | (284,600) | (3,722,050) | 27,450 | 3,410,260 | (838,620) | (4,136,410) | 12,684,200 | 11,012,500 | (14,781,610) | 2,315,013 | 1,704,850 | 7,390,783 |
| Total Risk Management Program Adj. | \$ (264,818) | \$ (3,631,943) | \$ 151,396 | \$ 3,514,366 | \$ (739,246) | \$ (4,030,563) | \$ 12,787,310 | \$ 11,119,298 | \$ (14,670,008) | \$ 2,413,134 | \$ 1,726,787 | \$ 8,377,119 |

South Carolina Pipeline Corporation
Contracts Purchased in Advance of Spot Month
Updated Through February 24, 2005

| Contract Month | Type of Security | Date Purchased | Sales | | Purchases | | |
|-------------------------------------------------------|---------------------|-------------------|------------------------|-------|------------------------|----------------------|---------------------|
| | | | Number of Contracts | Price | Number of Contracts | Price | Total Dollars |
| April 2005 | Call Options | 12/14/04 | - | \$ - | 35 | 0.642 | \$ 224,600 |
| | | 12/17/04 | - | \$ - | 23 | 0.680 | \$ 156,400 |
| | | 12/20/04 | - | \$ - | 23 | 0.610 | \$ 140,200 |
| | | - | \$ - | - | | \$ - | |
| | | - | \$ - | 81 | | \$ 521,200 | |
| | | | | | <u>Per Contract</u> | <u>Total Dollars</u> | |
| April 2005 purchase price of call options | | | | | \$ 0.6435 | \$ (521,200) | |
| April 2005 mark to market of outstanding call options | | | | | \$ 0.2055 | \$ 166,440 | |
| April 2005 funds received on sale of call options | | | | | \$ - | \$ - | |
| April 2005 total deferred gain/(loss) | | | | | \$ (0.4380) | \$ (354,760) | |
| <hr/> | | | | | | | |
| May 2005 | Call Options | 12/17/04 | - | \$ - | 23 | 0.660 | \$ 151,800 |
| | | 12/20/04 | - | \$ - | 22 | 0.593 | \$ 130,350 |
| | | - | \$ - | - | | \$ - | |
| | | - | \$ - | 45 | | \$ 282,150 | |
| | | | | | | | <u>Per Contract</u> |
| May 2005 purchase price of call options | | | | | \$ 0.6270 | \$ (282,150) | |
| May 2005 mark to market of outstanding call options | | | | | \$ 0.3246 | \$ 146,060 | |
| May 2005 funds received on sale of call options | | | | | \$ - | \$ - | |
| May 2005 total deferred gain/(loss) | | | | | \$ (0.3024) | \$ (136,090) | |
| <hr/> | | | | | | | |
| June 2005 | Call Options | 12/17/04 | - | \$ - | 32 | 0.700 | \$ 224,000 |
| | | 12/20/04 | - | \$ - | 32 | 0.635 | \$ 203,200 |
| | | - | \$ - | - | | \$ - | |
| | | - | \$ - | 64 | | \$ 427,200 | |
| | | | | | | | <u>Per Contract</u> |
| June 2005 purchase price of call options | | | | | \$ 0.6675 | \$ (427,200) | |
| June 2005 mark to market of outstanding call options | | | | | \$ 0.4150 | \$ 265,600 | |
| June 2005 funds received on sale of call options | | | | | \$ - | \$ - | |
| June 2005 total deferred gain/(loss) | | | | | \$ (0.2525) | \$ (161,600) | |